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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

Magalie Salas, Secretary
Federal Communications Commission
1919 M Street, Room 222
Washington, D.C. 20554

Re: In the Matter of Implementation of the Pay
Telephone Reclassification and Compensation
Provisions of the Telecommunications Act of
1996, CC Docket No. 96-128

Dear Ms. Salas:

Please find enclosed for filing an original and fourteen
copies of the Reply Comments of the RBOC/GTE/SNET Payphone
Coalition's Regarding the International Telecard Association
Petition for Reconsideration in the above-captioned proceeding.

Please date-stamp and return the extra copy provided to the
individual delivering this package.

Sincerely,

Michael K Kellogg

Michael K. Kellogg

Enclosures

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**BEFORE THE
FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON, D.C.**

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JAN 22 1998

**FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY**

In the Matter of

Implementation of the Pay Telephone)	
Reclassification and Compensation)	CC Docket No. 96-128
Provisions of the)	
Telecommunications Act of 1996)	

**REPLY COMMENTS OF
THE RBOC/GTE/SNET PAYPHONE COALITION
REGARDING THE INTERNATIONAL TELECARD ASSOCIATION
PETITION FOR RECONSIDERATION**

The Coalition's Opposition to the International Telecard Association's Petition for Reconsideration was based on a simple premise: the sellers of debit cards, like other payphone users, should pay for the payphone services they choose to consume. The possibility that the resellers may lack, for a time, the technical capacity to pass such charges on to their customers on a strictly per-call basis in some instances does nothing to change that.

The comments supporting ITA's petition largely reiterate the singularly unpersuasive case that ITA had already laid out, and therefore require little response. See, e.g., Comments of Telecommunications Resellers Association at 3 (filed Jan. 15, 1998) (claiming that providers of pre-paid cards will confront a "Hobson's Choice" of absorbing per-call charges or losing customers); Comments of WorldCom, Inc. at 3 (filed Jan. 15, 1998) (same). In fact, pre-paid providers face no such difficult choice: to the extent they agree to pay IXC's per-call

compensation charges on all calls,¹ all of them will have to recover the increases from their customers in some form.

Indeed, as the Coalition has pointed out, because all providers of pre-paid cards face the same potential obligations, none of them need suffer any “competitive” injury. A business that has been taking a conspicuous free ride on PSPs' investments will now be required to pay its own way. That change may present the debit card providers with some difficult business decisions.² But the requirement that payphone service providers be “fairly compensated for each and every . . . call using their payphones,” 47 U.S.C. § 276(b)(1)(A), was imposed by Congress, not the Commission. As the Commission has recognized, a special exemption for debit card sellers “even on an interim basis, would be contrary to the congressional mandate.” Report and Order, 11 FCC Rcd 20541, 20586 [¶ 87] (1996).

The petition for reconsideration should therefore be denied.

¹Nothing is stopping the petitioners from negotiating some alternative compensation arrangement with the IXC's.

²WorldCom confirms that providers are testing a variety of methods for passing on their obligations, as the Coalition had predicted. See Coalition Comments at 4.

Respectfully submitted,



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CERTIFICATE OF SERVICE

I hereby certify that on this 22nd of January, 1998, I caused copies of the foregoing Reply Comments of the RBOC/GTE/SNET Payphone Coalition Regarding the International Telecard Association Petition for Reconsideration to be served upon the parties on the attached service list by first-class mail.



Marilyn R. Leland

FEDERAL COMMUNICATIONS COMMISSION
Implementation of the Pay Telephone Reclassification and
Compensation Provisions of the Telecommunications Act of 1996
CC Docket No. 96-128, Second Report and Order

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